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SUBJECT: KAZAKHSTAN: WORLD BANK HEALTH-CARE SYSTEM REFORM PROJECT

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11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY. The World Bank's five-year project for reforming Kazakhstan's outmoded health-care system is progressing but faces considerable difficulties. Planned reforms include health financing and budget planning; health-care quality improvement; an independent accreditation system; the production of evidence-based clinical practice guidelines; voluntary blood donations; international standards for laboratories and blood transfusions; reform of medical education and science; health information systems; health-care and project management; safe and affordable pharmaceutical products; and the introduction of international sanitary standards for food safety. The World Bank is optimistic that it can help Kazakhstan become one of the top 50 countries in the world with respect to the quality of its health-care system, but it is concerned that the government is not spending its money as efficiently as it should. While the new health minister, Zhaksylyk Doskaliyev, supports the Bank project, he also wants to create a single provider for pharmaceutical products. National Medical Holding is now moving rapidly to consolidate health-care centers in Kazakhstan, and the Bank is concerned about this development. END SUMMARY.

WORLD BANK TO REFORM HEALTH-CARE SYSTEM

13. (SBU) Regional Environmental Officer (REO) and Environmental Specialist recently met with World Bank Health Project Coordinator Bibigul Alimbekova, who said that the Bank's project to reform Kazakhstan's outmoded health-care system is progressing but faces considerable difficulties. The Ministry of Health is the implementing agency and the government of Kazakhstan will be contributing 60 percent of the estimated costs (almost \$300 million spread out over five years, 2008-2013), with the World Bank contributing the rest. One year into the project, the World Bank thus far has paid out \$26 million.

14. (SBU) Alimbekova said the World Bank's project aims to introduce international standards by changing the way institutions provide health-care throughout Kazakhstan. The project also seeks to build long-term institutional capacity in the Ministry of Health and other health-care institutions in support of Kazakhstan's own program of

health-care reform (the State Health-care Reform and Development Program, 2005-2010).

15. (SBU) Alimbekova said this reform sets out several major areas for improvement:

- health financing, including investment and budget planning;
- health-care quality, to include an independent accreditation system, evidence-based clinical practice guidelines, voluntary blood donations, and international standards for laboratories and blood transfusions;
- medical education and medical science;
- health-care facility management, with pilots in three oblasts;
- safety, quality, and affordability of pharmaceutical products that involve procurement, pricing, monitoring, packaging, and quality control; and
- food safety and international sanitary standards.

16. (SBU) Alimbekova said the World Bank has very good partnerships with the World Health Organization, USAID, and the United Nations Children's Fund (UNICEF), and together they can help build up Kazakhstan's health-care capacity. Although she said this will be very challenging, Alimbekova is nevertheless optimistic that the World Bank can help Kazakhstan become one of the top 50 countries in the world with respect to the quality of its health-care system. She cautiously added that, while the government claims to increase its health-care spending every year, careful analysis reveals that it is often a small increase. More importantly, she said, it all depends on how the money is spent. The World Bank is now doing surveys to show that the government's health-care spending is not as cost-effective as formerly believed.

NEW MINISTER SUPPORTS REFORM PROJECT

17. (SBU) The Ministry of Health is still coming to terms with the
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forced resignation of former Minister Anatoliy Dervonoy and is adjusting to life under the new minister, Dr. Zhaksylyk Doskaliyev (see reftel). (NOTE: Dr. Doskaliyev, appointed in November 2008 to be Minister, is also well known for heading the Kazakhstani medical team that performed the world's first operation to transplant a human embryo's nerve cells into a patient suffering from myelosyringosis, a disease of the spinal cord. He is credited with pioneering this technique. END NOTE.). She said all of the World Bank's former partners and ministry counterparts are now gone and the Minister is busy installing a new team. Accordingly, the World Bank is retracing its steps and has begun the process of "sensitizing" the new members to the Health Reform Project's issues. She is optimistic that the new Minister will be receptive, since, as previous Chairman of the Kazakhstani Health Care Agency, he was one of its great supporters. However, Alimbekova admitted that the new Minister also has his own personal agenda -- that there should be only a single provider for all medical products and pharmaceuticals in Kazakhstan. For now, the Bank is waiting until Doskaliyev has finished reshuffling personnel and made new appointments, and then the Bank will start to work again with the Ministry on this health reform project.

CONCERNS ABOUT NATIONAL MEDICAL HOLDING

18. (SBU) According to Alimbekova, the state-owned National Medical Holding (NMH) is moving to consolidate national health centers throughout Kazakhstan. NMH has absorbed six of these national health centers and has plans eventually to control ten. She said the World Bank is very concerned about this development, explaining that "it is not in Kazakhstan's best interests" since it has the potential to result in a health-care monopoly.

19. (SBU) NOTE: The Kazakhstani Government announced the establishment of NMH on May 31, 2008, and turned over six medical facilities and the Kazakh Medical Academy to NMH as subsidiaries. Two of these centers are the National Center for Maternal and Child Health and the Child Rehabilitation Center. In recent conversations with USAID staff, some of the chief doctors in these health-care centers have noted a lack of staff expertise for the operation of

some of the high-tech, modern equipment purchased for the centers. During a January 15 meeting with the Ambassador, NMH CEO Almaz Sharman, a dual U.S.-Kazakhstani national, readily admitted that a shortage of medical expertise is a major problem for NMH, as a result of which he would like to recruit foreign doctors, including Americans, to work in Kazakhstan. Sharman is also looking for a foreign company to manage one of NMH's medical centers, and, per a contract with the Kazakhstani government, is seeking a foreign partner, such as Harvard Medical International, to provide training for 50 Kazakhstani hospital managers, most of whom will work at Kazakhstani health-care facilities not connected to NMH. END NOTE.

HOAGLAND